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ORGANIZATION AND FUNCTIONS
OF GDR STATE ADMINISTRATION FOR MATERIAL SUPPLY

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The following abbreviations and terms are used in this report:

SED -- German Socialist Unity Party

DHZ(s) -- German Trade Center (s)

HO -- Trade Organization (selling unrationed commodities at high prices)

Bezirk(s) -- District(s) (new GDR administrative units; the GDR is di-
vided into 14 Bezirke)

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Claimant agency (ies) -- Kontingenttraeger (primary recipient(s) of allocations of materials)

Internal and local reserves -- "Internal reserves" probably refer to reserves within a plant or group of plants, while "local reserves" are materials available in a locality or other relatively small area

Referat -- An administrative unit concerned with a specific subject

Referent -- A section head or specialist worker/

Part 1. ORGANIZATION OF THE STATE ADMINISTRATION FOR MATERIAL SUPPLY

The shortcomings in the work of the State Secretariat for Material Supply, demonstrated by the inadequate supply of materials and technical information to enterprises, are caused to a not inconsiderable extent by the fact that the organization of the State Secretariat for Material Supply does not reflect the status reached in the economic development of the GDR. Neither does it reflect the new tasks set for that agency by the sixth meeting of the Central Committee of the SED/ and by the resolutions of the Ministerial Council of 6 December 1951. The shortcomings are particularly evident in the following fields: insufficient concentration on the performance of the basic tasks of material planning, on the development and general application of material consumption norms, on the achievement of economical material consumption practices, and on the overcoming of bureaucratic obstructions to commodity movement and operating procedures of state wholesale trade.

I. SHORTCOMINGS IN THE ORGANIZATIONAL SETUP OF THE STATE SECRETARIAT FOR MATERIAL SUPPLY

1. The principle of personal responsibility of the directors of the main departments, departments, etc., has not been realized because of inadequate administrative organization and vague delineation of duties and spheres of responsibility.

2. Under the existing organization of the secretariat, the planning tasks (requirements and procurement planning, balancing of requirements and quantities, and development and confirmation of norms) are handled, to a significant extent, by the same departments and referats which are charged with the operational tasks of material distribution and management. Combined responsibility for planning and operation always leads to neglect of the planning work and the other basic problems or, at least, to giving preference to current operational problems.

3. The supervision and control over the work of all employees is inadequate because of the inadequate organization of the administration (no subdivisions of the very large main departments into groups and departments), resulting in overburdening of the directors of the main departments and departments.

II. NEED FOR REORGANIZATION IN THE NEW STATE ADMINISTRATION FOR MATERIAL SUPPLY

The State Secretariat for Material Supply is to be replaced by the State Administration for Material Supply./

To overcome the shortcomings of the State Secretariat for Material Supply it is necessary to organize the new State Administration for Material Supply along different lines.

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Therefore, be it resolved that:

1. The State Administration for Material Supply has the characteristics of a state secretariat.
2. The director of the State Administration for Material Supply is responsible for the over-all operation of the administration. Furthermore, he is personally responsible for planning the material supply for government orders and assuring their delivery. The director is a member of the State Planning Commission.
3. The deputy director is empowered to act on behalf of the director in all his duties. Beyond that, he is responsible for the coordination of the work and the direction and control of the Main Department for Material Planning and the Main Department for Material Distribution.
4. The Main Department for Material Planning is responsible for: material requirement planning; material supply planning; drawing up material and equipment balances as well as systematic accounting for and analysis of material distribution, consumption, and stocks, on all levels of material supply; constant development and application of material consumption norms, as well as simplification and improvement of the entire procedure for material supply for the economy.

The Main Department for Material Planning consists of the following units:

- a. Group for Requirements and Supply Planning
- b. Material and Equipment Balances unit
- c. Organization and Methods Group

5. The Main Department for Material Distribution is responsible for working out detailed delivery and supply programs; operational planning of and control over the execution of material distribution; utilization and distribution of operational reserves of critical materials, as well as all other tasks designed to assure smooth operation of material supply for the economy on the basis of plans, including material supply for reparations orders and other key undertakings under the plan.

The Main Department for Material Distribution consists of the following units:

- a. Metallurgy and Machine-Building Group
- b. Basic Materials Industry Group
- c. Light Industry Group

6. The Main Department for State Wholesale Trade is responsible for: the planning of turnover, finances, the labor force, and all other services, including the development of indexes and norms for the amount of turnover, structure of turnover, transportation, rate of turnover, utilization of original capital, per-capita output of workers, utilization of storage capacity, organization and technique of production planning, and the accounting system of the DEZs (not including the DEZ for Foodstuffs); the handling of all basic problems connected with the contract system of the people-owned sector of the economy and the contract system of the privately owned sector of the economy; further development of the structure and organization of the state wholesale trade, as well as the regulation of cooperation with all other trade organizations; the regulation of all basic questions; training activities in the privately owned sector of the

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state wholesale trade, as well as the actual management of the DEZ for Scrap Materials and the DEZ for Industrial Supplies, which are under the direct jurisdiction of the State Administration for Material Supply.

The Main Department for State Wholesale Trade consists of the following units:

- a. Planning Group for State Wholesale Trade
- b. Group for Basic Problems of Wholesale Trade and Commodity Movement
- c. Main Referat -- Administration of the DEZ for Scrap Materials and the DEZ for Industrial Supplies

7. The Main Department for Internal Reserves and Material Savings is responsible for: organizing material savings; issuing prohibitions against the use of certain materials; nonferrous metals and other bottleneck materials which can be replaced by substitute materials; finding and collecting scrap materials and industrial waste (not including scrap iron); organizing control over all local reserves through direct instruction of the local administrative organs and the DEZ for Scrap Materials and the DEZ for Industrial Waste.

The Main Department for Internal Reserves and Material Savings consists of the following units:

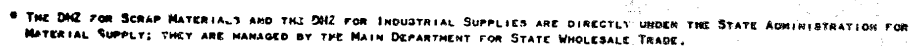
- a. Department for Metallic Scrap Materials and Industrial Waste
 - b. Department for Nonmetallic Scrap Materials and Material Savings.
8. Special regulations apply to the Main Department for Government Orders.

The State Administration for Material Supply is ordered to organize the duties of the main departments and departments in detail according to the principles enunciated above and to set up a table of organization without delay and to submit it to the Personnel Planning Commission. In setting up the table of organization the following principle should be applied: The number of slots for departments and above is to be increased at the expense of personnel with lesser qualifications; however, at the same time, the total number of employees is to be reduced.

The following chart, showing the organization of the State Administration for Material Supply, was compiled by FDD on the basis of the preceding information.

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S-E-C-R-E-T**Part 2. FUNCTIONS OF THE STATE ADMINISTRATION FOR MATERIAL SUPPLY**

The GDR State Administration for Material Supply disseminated the following resolution of the GDR Ministerial Council, dated 21 August 1952, on the regulation of material management in the GDR:

**I. REGULATION CONCERNING THE DUTIES
OF THE STATE ADMINISTRATION FOR MATERIAL SUPPLY**

The State Administration for Material Supply is an organ of the GDR government charged with planning, operational direction, and control of materials supply for the GDR economy.

The director of the State Administration for Material Supply is responsible for the performance of the following duties:

1. Exact determination of materials required; compiling of material and equipment balances, as well as of distribution and procurement plans for all materials included in the code list of the Economic Plan.
2. Operational supply of the key enterprises of the economy with material and equipment.

The State Administration for Material Supply must not confine itself merely to the distribution of material allocations to the administrations. It must also exercise systematic direction and control over the actual movement of materials and the realization of allocations.

3. Organization of the development of material consumption norms, on a continuous basis, and their application.
 4. Control over the application and verification of the most important material consumption norms of the ministries and state secretariats, which form an integral part of the material plans.
 5. Development of assortment and schedule planning for the most important raw materials by compiling specific delivery plans and assuring their execution. These specific delivery plans are to be set up in cooperation with the ministries and state secretariats concerned.
 6. Constant improvement in the methods of material planning, material distribution, and commodity movement.
 7. Organization, collection, and utilization of records on material receipts, consumption, and stocks.
 8. Promotion of material savings by strict control over the existing norms and over material consumption of the entire economy.
- In this connection, particular attention should be focused on popularizing praiseworthy examples of material savings and on utilizing new work materials.
9. Issuance of prohibitions against the use of bottleneck materials, particularly nonferrous metals, for nonessential purposes.
 10. Organization of the supply and utilization of nonmetallic scrap materials and other internal and local reserves.
 11. Planning and assuring the execution of government orders.

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12. Management of operational plan reserves and vital materials and their distribution through claimant agencies for additional plan purposes or unforeseen needs.

13. Analysis of the basic problems of the contract system.

In this connection, it is necessary to make sure that the material distribution plans are compiled early so that the overwhelming part of the production is obligated by contracts before the beginning of a new year.

14. Direction and supervision of ministries and state secretariats in their responsibility for establishing direct trade relations among enterprises.

15. Planning of the work of state wholesale trade, as well as audit and adjustment of plans in cooperation with the responsible ministries and state secretariats.

16. Improvement of the organization and structure of state wholesale trade; issuance of regulations governing cooperation with other trade organs and systematic control over the activities of state wholesale trade in connection with the basic problems of its work.

The State Administration for Material Supply has the following rights and duties:

1. To instruct the ministries, state secretariats, and Bezirk councils with regard to assuring execution of the order on material supply.

2. To institute periodic inspections of the material supply departments of the ministries, state secretariats, Bezirk councils, and enterprises, in order to see whether the materials are utilized according to plans.

If need be, the State Administration for Material Supply may set aside certain materials to assure the fulfillment of key projects.

3. To control the materials available from production, imports, and stocks, as well as the delivery of these materials to enterprises, DEZs, and administrations.

4. To issue instructions, in cooperation with the ministries or state secretariats, for the standardization of material management and for the standard number of days for which a given material may be stocked by an enterprise.

The standard number of days established for a given material is binding for the financial plans of the enterprise.

5. To issue instructions to the ministries and state secretariats, or their main administrations, regarding structure and organization of the people-owned wholesale trade, the basic problems involved in the work of the DEZs under its administration, and the application and development of the contract system.

II. REGULATION CONCERNING THE WORK OF THE MATERIAL SUPPLY DEPARTMENTS OF THE MINISTRIES, STATE SECRETARIATS, BEZIRK COUNCILS, AND OTHER CENTRAL ORGANS OF THE ECONOMY

The ministers, state secretaries, directors of main administrations, chairmen of planning commissions of the Bezirk councils, and directors of other central organs of the economy are fully responsible for the following problems:

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setting up plans for material requirements; planning and distribution of allocations; direction and control of material supply, consumption, and stocks of all consumers in their respective spheres of competence. They must exercise direction and control over the work of the directors of material supply of their respective administrations. These directors are responsible for the following tasks in particular:

1. Material requirement planning, material distribution, and material accounting for all consumers in their supply area.
2. Development and application of material consumption norms and instruction of enterprises in the procedures for introduction of individual accounts as an effective means for the achievement of economical material management.
3. Setting up of consolidated material consumption norms for the enterprises on the basis of individual norms; transmittal of these norms to the State Administration for Material Supply for checking and approval.
4. Improvement of material planning and the entire material management [system] of the enterprises; strict control over the enterprises in regard to the utilization of material stocks and the prevention of any material hoarding.

The directors of the material supply departments must see to it that the stocks of the enterprises in excess of standard quantities are sold, in accordance with standing instructions, to the trade centers and other enterprises which may require the materials for the fulfillment of their plans.

5. Direction and control over ordering of materials and conclusion of contracts, at the proper time, by the subordinate consumers.

Requests for additional materials may be submitted to the State Administration for Material Supply by the consumer groups only if additional plan tasks have been assigned to them and if they furnish proof concerning the utilization of the material allocation received under the plan and a statement concerning stocks on hand.

III. REGULATION OF THE WORK OF THE SALES DEPARTMENTS OF THE MINISTRIES AND STATE SECRETARIATS, OR THEIR MAIN ADMINISTRATIONS

The ministers and state secretaries, as well as the directors of the industrial main administrations, are fully responsible for the sale of the products of their branches of industry.

By 1 October 1952 they are obliged to transform the present work groups for trade into fully functioning sales departments. With the assistance of these sales departments they are systematically to organize direct trade among the people-owned enterprises, and to assure the material supply with regard to both quantity and target dates, in accordance with the distribution plans issued to them by the State Administration for Material Supply; they are also to direct and supervise the operational tasks of the DEZs under their jurisdiction.

The ministers, state secretaries, and directors of industrial main administrations must exercise immediate direction and supervision over the work of the directors of their sales departments and delegate to them the execution of the following tasks:

1. Compilation of delivery plans for raw materials, for semifinished products, and for special equipment for direct (not through DEZs deliveries between [two] people-owned plants or between a people-owned and an equivalent enterprise.

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2. Independent administration and distribution of the operational plan reserves, with the exception of those materials which are administered by the State Administration for Material Supply.

3. Systematic direction and control over the subordinate DEZs to assure smooth and nonbureaucratic execution of their part of the distribution plan.

4. Participation in the shaping of the production programs in their respective branches of industry; and cataloging and standardizing of products.

5. Conclusion of over-all contracts with the most important claimant agencies to assure sales and establish generally applicable delivery terms.

6. Organizing the establishment of industrial distribution outlets.

With the development of direct trade between the production enterprises, the sales departments must assume considerable responsibilities formerly assigned to the subordinate DEZs. The sales departments must always be fully informed concerning the status of the over-all distribution plan for their respective branches of industry to be in a position to report on it to the State Administration for Material Supply if requested to do so.

The establishment of direct trade relations among people-owned and equivalent enterprises (without inclusion of the DEZs in this process) is to start at once in order to accelerate the exchange of goods and decrease the cost of trade. Appropriate bonuses are to be provided for workers of state administrations or other organs who are particularly successful in the development of direct trade.

The sales departments of the ministries and state secretariats, or their main administrations, are obliged to report separately in their sales plans the deliveries to the Kreis Offices for Agricultural Requirements and to assure the fulfillment of the contracts concluded for the supply of agricultural needs. The Ministry of Agriculture and Forestry is to confirm the lists of the commodities which are permitted to be sold only through the Kreis Offices for Agricultural Requirements to the people-owned agricultural enterprises, to agricultural production cooperatives, to the Peasants' Mutual Aid Association, and to the machine rental stations.

IV. REGULATION CONCERNING THE WORK OF THE DEZS WITH REGARD TO COMMODITY MOVEMENT (Excluding the DEZ for Foodstuffs)

The directors of the DEZs are fully responsible for the execution of those parts of the distribution plans which are not realized through direct transactions and for assuring the availability of commodities for the entire populace. The directors are obliged to develop a comprehensive wholesale trade and, through steady improvement in the working methods of their trade centers, to assure smooth and nonbureaucratic execution of the commodity distribution.

The DEZs handle through their stockrooms only those commodity allocations which require assorting and which are not suitable for direct delivery. They must get away from the present practice of handling direct deliveries through individual contracts and payments /so-called local transactions -- Streckengeschaeften/ insofar as such commodity movements can be organized by the sales departments through delivery plans.

The DEZs must observe the following principles with respect to the improvement in the supply of the populace with industrial products:

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1. In order to better satisfy the justified desires of the populace in the future, the DHZs must organize sample exhibitions with the participation of representatives of the working population and, through logical application of the contract system, exert a strong effort for better assortments and quality.

2. The DHZs must guarantee fulfillment of the plan for accumulating stocks of commodities and, therefore, the planned distribution of all consumers' goods produced by industry. This also applies to direct deliveries by industry made within the framework of the plans for accumulating stocks of commodities.

3. The DHZs must also choose the shortest route for shipping consumers goods and restrict sales from stock in favor of direct deliveries by the production enterprises to the organs of retail trade, insofar as type and extent of deliveries justify such action.

4. The DHZs, through their branches, must take over as quickly as possible deliveries to the main HO stores and Kreis consumer cooperatives in those commodity groups which require an assortment of goods and which, therefore, cannot be delivered directly by industry.

V. REGULATION OF THE WORK OF THE DEPARTMENTS OR SPECIALIZED SECTIONS FOR MATERIAL SUPPLY OF ENTERPRISES

The departments or sections for material supply of enterprises are the planning, directing, and controlling organs of the material management of enterprises.

They are that part of an enterprise where an exact picture must be available at all times of material requirements, receipts, consumption, and stocks.

The plant directors are fully responsible for seeing to it that the following tasks are performed by the departments or sections for material supply:

1. Setting up of material consumption norms and development of such norms for each individual product of an enterprise, as well as for all other material requirements of an enterprise which can be expressed in norms.

2. Execution of material requirement planning, with the application of the balance method, on the basis of material consumption norms and other necessary technical data.

3. Maintenance of a card-index file which makes it possible to have up-to-date information on requirements, allocations, contracts, receipts, consumption, sales, and stock on hand, as well as on the observance of the standard number of days for which each commodity may be stocked.

4. Assuring the immediate placement of an order for materials within the framework of allocations received, as well as for all other materials which are not allocated for distribution, and the contractual placement of orders with the suppliers, or, in other instances, the immediate return of all allocations which are not needed to the next higher agency of material supply.

5. Organization of and systematic control over material movement within an enterprise.

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6. Promotion of material savings within the enterprise through wide introduction of individual accounts and systematic control over material consumption to prevent wasting of materials. In this connection, the possibility of using substitute materials in place of materials vital to the economy should be investigated.

7. Supporting the work of the nonferrous metals control officials placed in the enterprises and constant close cooperation with them.

All requisitions for nonferrous metals must be checked by the nonferrous metals officials with regard to the necessity for using the materials requested as well as the accuracy of the quantity requested in relation to orders on hand. The approval of a requisition by the nonferrous metals official is to be indicated by his signature.

8. Execution of accounting reports on material receipts, consumption, and stocks for the next higher material supply agency.

The departments or sections for material supply must maintain constant control over the material stocks of enterprises and are obliged to prevent any hoarding of materials.

VI. STATE CENTRAL ADMINISTRATION FOR STATISTICS

Effective 1 January 1953, the State Central Administration for Statistics must perform the accounting of material balances and of distribution plans.

VII

The director of the State Administration for Material Supply is obliged to check the observance of this regulation systematically, and if need be, institute legal proceedings in cases of premeditated violations of this regulation.

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